

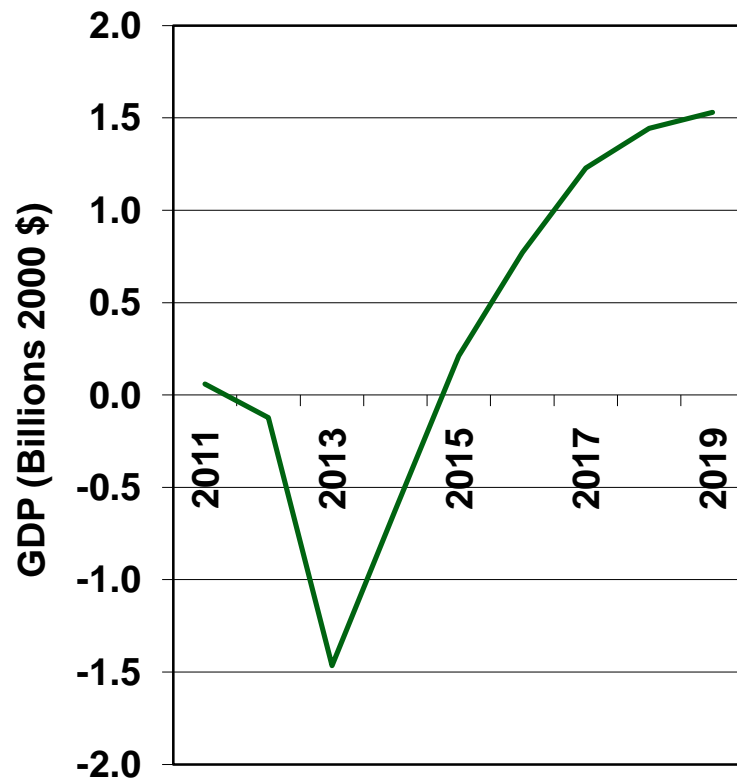
Potential Economic Impacts of Health Care Reform on Virginia

Key Assumptions/Parameters

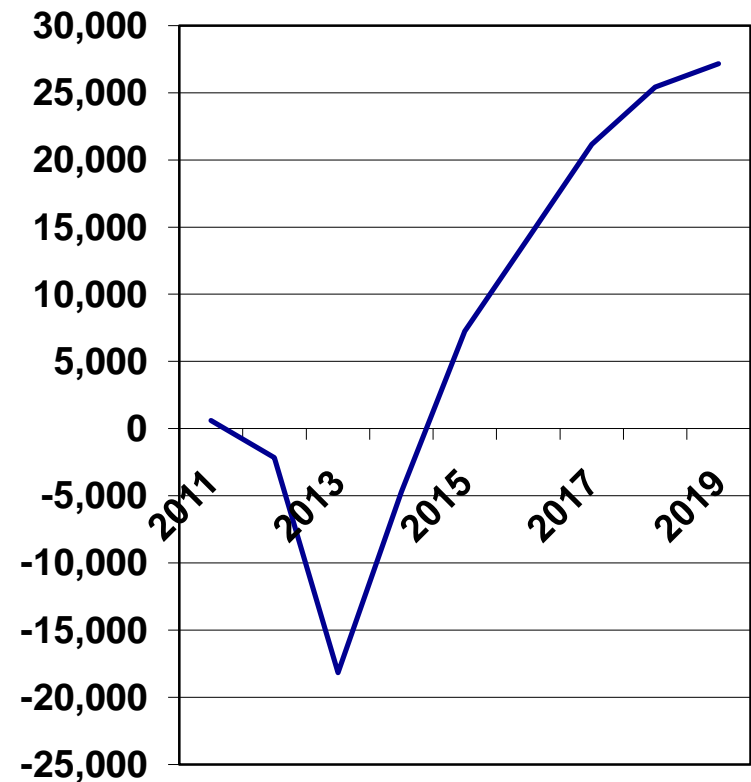
- Assumed federal framework for implementation
 - Adjustments on the implementation path were likely, now a near certainty post mid-term elections
- Timeframe considered was 2010-2019
- Applied CBO financial projections, with Virginia specific adjustments
 - Virginia hospital Medicare reductions, low Medicare managed care
 - Relatively high per capita income
 - DMAS projections on new Medicaid enrollment
- No attempt to model potential re-distributional effects
- No value judgments on health care vs. other priorities

Economic Impact Results

Gross Domestic Product



Employment



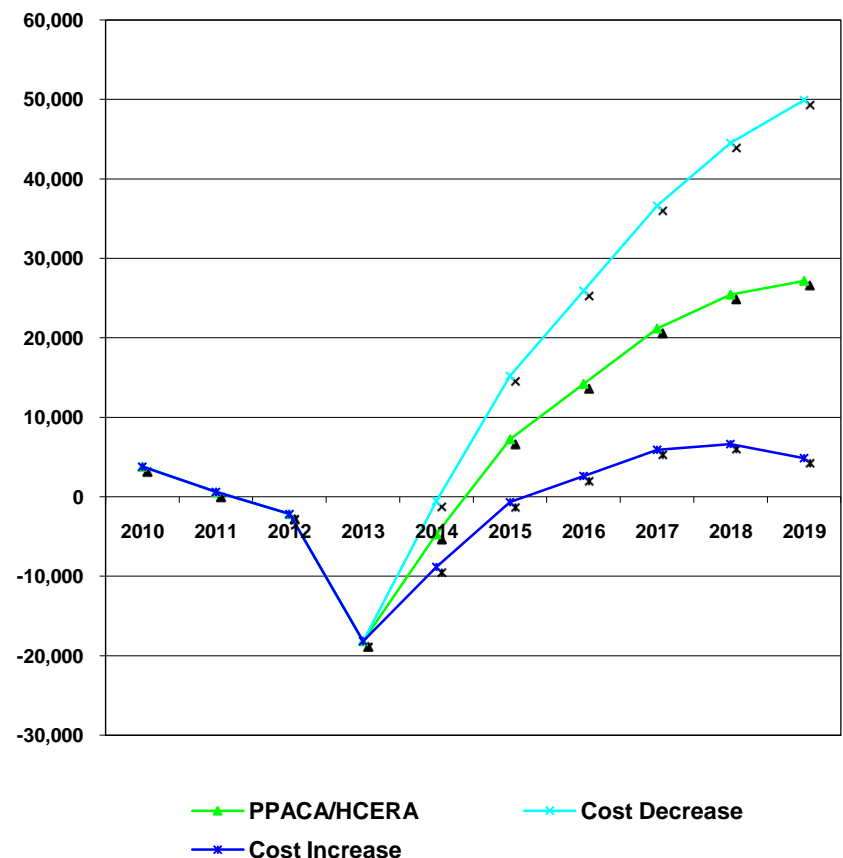
Employment Impacts by Occupation, 2019

Gains		Losses	
Health diagnosing and treating practitioners	5,452	Personal appearance workers	-124
Nursing, psychiatric, and home health aides	4,285	Retail sales workers	-93
Health technologists and technicians	3,281	Woodworkers	-29
Other healthcare support occupations	1,763	Metal workers and plastic workers	-23
Secretaries and administrative assistants	1,250	Other transportation workers	-19
Information and record clerks	1,196	Animal care and service workers	-17
Other personal care and service workers	971	Entertainers and performers, sports and related occupations	-15
Other office and administrative support workers	910	Funeral service workers	-14
Counselors, Social workers	820	Sales representatives, wholesale and manufacturing	-10
Financial clerks	670	Assemblers and fabricators	-8

Effects of Health Care Cost Changes

Employment Impact

- Policy Experiment: What would be the effect of .75% annual increase or decrease in health care costs beginning in 2014?
- Assumed that employers bear full costs/savings from cost changes
- Result: Loss or gain of approximately 22,500 jobs by 2019



Conclusion

- Economic impact of health reform implementation per federal framework potentially positive for VA
- But most significant economic gain comes from slowing the trajectory on health care costs
 - A .75% reduction in health care cost trends in 2014-19 yields a cumulative GDP impact of \$10.7 billion and additional employment of 22,270 outside of health care